



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

September 30, 2005

Michael Lux, Treasurer
21st Century Democrats
1731 Connecticut Avenue NW, Second Floor
Washington, DC 20009

Response Due Date:
October 31, 2005

Identification Number: C00230342

Reference: Amended February Monthly Report (1/1/05-1/31/05), received 8/4/05

Dear Mr. Lux:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. This notice requests information essential to full public disclosure of your federal election campaign finances. **An adequate response must be received at the Commission by the response date noted above.** An itemization of the information needed follows:

-Schedule B supporting Line 21(b) and Schedule H4 supporting Line 21(a) of your report disclose \$37,000 and \$10,604.17, respectively, in activity identified as MEMO entries that do not appear to correspond with any itemized transaction(s). Please be advised, a memo entry is used to disclose additional information about an itemized transaction and the amount of a memo entry is not included in the total receipts or disbursements for the report. Please amend your report to provide clarifying information regarding this activity.

-On Schedule D of your previous report, you disclosed debts owed to Integral Resources for \$39,924.14, \$28,867.00, and \$21,435.01. These obligations, however, have been omitted from this report. Please amend your report to include this debt(s) on Schedule D and Line 10 of the Summary Page. All debts and obligations must be disclosed until extinguished. 11 CFR §104.11

-Your report discloses an outstanding balance(s) beginning this period for a debt(s) owed to Integral Resources for \$111,871.44 and 21st Century Democrats- Non-Fed Acct for \$1,000. However, an outstanding balance(s) at the close of the period was not disclosed on your 2004 Year End Report. Please amend your report(s) to clarify this discrepancy.

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-Your amended report discloses additional debts totaling \$32,531.58 on Line(s) 10 of the Summary that were not disclosed on your original report. Please provide clarifying information as to why this activity was not disclosed on your original report. 11 CFR §104.3

-Schedule A supporting Line 15 of your report discloses a \$22,406.19 transfer received from your non-federal account for non-federal payroll taxes which appears to occur outside the permissible transfer period. Please be advised that transfers for allocated activity must be made within a 70-day time period: no more than 10 days before or 60 days after the payment to the vendor. Furthermore, a committee is permitted to pay the entire amount of an allocable activity from its federal account and receive a transfer(s) from its non-federal account solely to cover the non-federal share of the allocable expense(s). However, a 100% non-federal activity does not fall within the definitions of an allocable expense and would cause an impermissible transfer of funds from your non-federal account to your federal account. 11 CFR §§102.5(a), 106.6(e) and 106.7(f)

Please amend your report(s) to accurately reflect the nature of these activities. (1) Schedule A should clearly identify the original disbursement(s), including the name of the payee, date, and amount, which correlates with this non-federal transfer-in for apparent non-federal payroll taxes. (2) If the payroll taxes disclosed on Schedule H4 represent 100% non-federal activity, these disbursements should be properly disclosed on Schedule B supporting Line 21(b). (3) If the payroll taxes disclosed on Schedule H4 represent allocable activity, the transfer-in from the non-federal account for the non-federal share of this activity should be properly disclosed on Schedule H3.

Although the Commission may take further legal action regarding this improper allocation activity, your prompt action will be taken into consideration.

Please note, you will not receive an additional notice from the Commission on this matter. Adequate responses received on or before this date will be taken into consideration in determining whether audit action will be initiated. **Requests for extensions of time in which to respond will not be considered.** Failure to provide an adequate response by this date may result in an audit of the committee. Failure to comply with the provisions of the Act may also result in an enforcement action against the committee. Any response submitted by your committee will be placed on the public record and will be considered by the Commission prior to taking enforcement action.

Electronic filers must file amendments (to include statements, designations and reports) in an electronic format and must submit an amended report in its entirety, rather

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than just those portions of the report that are being amended. If you should have any questions regarding this matter or wish to verify the adequacy of your response, please contact me on our toll-free number (800) 424-9530 (at the prompt press 5 to reach the Reports Analysis Division) or my local number (202) 694-1136.

Sincerely,



Jodi Winship
Campaign Finance Analyst
Reports Analysis Division

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